



## TECHNICAL INFORMATION RELEASE

# TIR 19-9: Extension of Time to File Short-Year Returns Resulting from Partnership Technical Termination

## DATE:

07/02/2019

## REFERENCED SOURCES:

**Massachusetts General Laws** (<https://malegislature.gov/Laws/GeneralLaws>)

On December 22, 2017, Public Law 115-97, commonly known as the federal Tax Cuts and Jobs Act (the “TCJA”), was signed into law. The TCJA repealed Internal Revenue Code (“IRC”) § 708(b)(1)(B), which provided that a partnership was treated as terminated if within a 12-month period there was a sale or exchange of 50 percent or more of the total interest in the partnership’s capital and profits. This Technical Information Release (“TIR”) explains that Massachusetts does not adopt the TCJA’s repeal of IRC § 708(b)(1)(B) and states the short-year return filing requirements applicable to partnerships that are treated as terminated.

Under Massachusetts law, all partnerships with a usual place of business in the Commonwealth are required to file an information return with the Department on or before the fifteenth day of the third month following the close of the taxable year. G.L. c. 62C, § 7. The treatment of partnerships for Massachusetts tax purposes is generally determined under G.L. c. 62, § 17. Because G.L. c. 62 generally conforms to the IRC as amended and in effect on January 1, 2005, Massachusetts does not follow the TCJA’s

repeal of IRC § 708(b)(1)(B). G.L. c. 62, § 1(c). As a result, a partnership will be treated as terminated for Massachusetts tax purposes if within a 12-month period, there is a sale or exchange of 50% or more of the total interest in the partnership's capital and profits. Where a termination occurs mid-year, the partnership must file two short-year tax returns in Massachusetts, but may not have short taxable years for federal tax purposes.

Partnerships are granted an automatic 6-month extension to file their returns in Massachusetts. See TIR 16-10. To further ease the burden of complying with differing federal and Massachusetts rules, a partnership that is treated as having terminated for Massachusetts purposes will have until the due date of its federal return, taking into account any federal extensions, to file both of its Massachusetts short-year returns.

A partnership that is treated for Massachusetts purposes as having terminated and that fails to file short-year tax returns by this date may be subject to penalties pursuant to M.G.L. c. 62C, § 34.

/s/Christopher C. Harding  
Christopher C. Harding  
Commissioner of Revenue

CCH:RHF:db

July 2, 2019

TIR 19-9

#### REFERENCED SOURCES:

[Massachusetts General Laws](https://malegislature.gov/Laws/GeneralLaws) (<https://malegislature.gov/Laws/GeneralLaws>)